

**FINAL REPORT**

**CASE #1100: SAN JOAQUIN COUNTY HOUSING AUTHORITY**

**REASON FOR INVESTIGATION**

The San Joaquin County Civil Grand Jury (SJCCGJ) received a complaint regarding the San Joaquin County Housing Authority. The complainant alleged there had been a conflict of interest when awarding the contract to an audit firm to perform audits for a five-year period ending in the year 2004.

**BACKGROUND**

After preliminary review by the 2000-2001 SJCCGJ, it was decided that further investigation was needed.

**METHOD OF INVESTIGATION**

Interviews were conducted with the following:

- The complainant
- The Executive Director of the SJC Housing Authority.
- The Executive Director of the Contra Costa Housing Authority.
- The Committee selected to evaluate proposals submitted for Auditing Services, which consisted of the finance directors of the Oakland Housing Authority, Stanislaus County Housing Authority and the Director of Asset Management for the San Joaquin County Housing Authority.
- A member of the Board of Commissioners for the SJC Housing Authority.
- A complete review of all minutes of the monthly board meetings of the SJC Housing Authority from January 2000 through March 2001.

Grand Jury members reviewed documents received from the office of the District Attorney of Contra Costa County, clarifying some allegations noted in the complainant's letter.

Work papers were reviewed regarding evidence and findings from an annual audit of Contra Costa Housing Authority.

A review was made of correspondence between the complainant and the Executive Director of the SJC Housing Authority and the Contra Costa Housing Authority.

News articles from The Stockton Record November 16, 2000 and Contra Costa Times of October 24, 2000 were reviewed.

A review was made of several audit proposals submitted to the SJC Housing Authority.

## **FINDINGS AND CONCLUSIONS**

The Executive Director of the SJC Housing Authority had received a complaint regarding the alleged conflict of interest prior to the audit being awarded.

The Executive Director reviewed the basis for the complaint and determined that there was, in his opinion, no conflict of interest involved.

The SJCCGJ found that it was reasonable from the complainant's standpoint to believe there could possibly have been a conflict of interest.

Although the SJCCGJ did not find any evidence of conflict of interest, from the standpoint of the general public the appearance could exist.

## **RECOMMENDATION**

The SJCCGJ recommends that in the future when there is an appearance or an allegation concerning a conflict of interest, steps be taken to remove any person or persons from the audit selection process that could create that appearance.

## **RESPONSE**

*Pursuant to Section §933.05 of the Penal Code:*

The Board of Commissioners of San Joaquin County Housing Authority shall comment in writing, to the Presiding Judge of the Superior Court - within (90) days of the publication of this report.

As to each finding in the report, a response indicating one of the following:

- a. The respondent agrees with the finding.
- b. The respondent disagrees with the finding with an explanation of the reasons therefore.

As to the recommendation, a response indicating one of the following:

- a. The recommendation has been implemented, with a summary of the action taken.
- b. The recommendation has not yet been implemented, but will be with a timeframe for implementation.

- c. The recommendation requires further analysis, with an explanation of the scope of the analysis and a timeframe not to exceed 6 months.
- d. The recommendation will not be implemented, with an explanation therefor.